

INFLATION PROTECTED BOND FUND

Institutional: **BPRIX** • Investor A: **BPRAX** • Investor C: **BPRCX**

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Fund Highlights

- **High-Quality Inflation Protection:** Treasury Inflation-Protected Securities (TIPS) are high-quality, government-issued securities that can offer a hedge against inflation.
- **A Distinct Portfolio Diversifier:** TIPS demonstrate low correlation to other fixed income asset classes, making them potential diversifiers for most portfolios.
- **Active Management Expertise:** The team creates a portfolio of TIPS across varying maturities, carefully determining proper maturity weightings and yield-curve positioning.

% AVERAGE ANNUAL TOTAL RETURNS (9/30/14)¹

| Without Sales Charge | 1 Year | 3 Years | 5 Years | 10 Years | Inception |
|-------------------------------|--------|---------|---------|----------|-----------|
| Institutional | 1.19 | 1.37 | 4.24 | 4.91 | 5.32 |
| Investor A | 0.95 | 1.06 | 3.93 | 4.60 | 4.99 |
| Investor C | 0.24 | 0.36 | 3.19 | 3.84 | 4.28 |
| With Sales Charge | 1 Year | 3 Years | 5 Years | 10 Years | Inception |
| Investor A | -3.09 | -0.30 | 3.08 | 4.17 | 4.57 |
| Investor C | -0.73 | 0.36 | 3.19 | 3.84 | 4.28 |
| Lipper Category Avg. | 0.92 | 1.04 | 3.77 | 4.11 | — |
| Morningstar Category Avg. | 0.88 | 0.89 | 3.70 | 4.03 | — |
| Barclays US TIPS ² | 1.59 | 1.34 | 4.48 | 4.64 | — |

% CALENDAR YEAR RETURNS (FUND PERFORMANCE WITHOUT SALES CHARGES)¹

| | 2009 | 2010 | 2011 | 2012 | 2013 | YTD | 3Q14 |
|-------------------------------|-------|------|-------|------|-------|------|-------|
| Institutional | 10.42 | 6.23 | 11.88 | 6.94 | -8.11 | 3.32 | -2.36 |
| Investor A | 10.15 | 5.82 | 11.47 | 6.62 | -8.34 | 3.07 | -2.44 |
| Investor C | 9.21 | 5.20 | 10.68 | 5.88 | -9.02 | 2.60 | -2.53 |
| Lipper Category Avg. | 10.62 | 5.88 | 11.04 | 6.38 | -7.48 | 2.56 | -2.15 |
| Morningstar Category Avg. | 10.88 | 5.94 | 10.93 | 6.45 | -7.85 | 2.65 | -2.16 |
| Barclays US TIPS ² | 11.41 | 6.31 | 13.56 | 6.98 | -8.61 | 3.67 | -2.04 |

Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. Refer to www.blackrock.com for current month-end performance. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

The share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 4% for Investor A shares and applicable contingent deferred sales charges (CDSC) for Investor C shares. The maximum CDSC of 1% for Investor C shares is reduced to 0% after 1 year.

Minimum initial investment for Institutional shares is \$2 million. Institutional shares also are available to clients of registered investment advisors with \$250,000 invested in the fund, and offered to participants in wrap fee programs and other sponsored arrangements at various minimums.

Lipper Category

Inflation Protected Bond Funds

Morningstar Category

Inflation-Protected Bond

Overall Morningstar Rating™: Institutional



Rated against 192 Inflation-Protected Bond Funds, as of 9/30/14, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.^{1†}

Objective

Seeks to maximize real return, consistent with preservation of real capital and prudent investment management.

Portfolio Management

Martin Hegarty

Gargi Pal Chaudhuri

PORTFOLIO STATISTICS

| | Fund | Benchmark ² |
|---------------------------------|-----------|------------------------|
| Inception Date | 6/28/04 | 3/1/97 |
| Number of Holdings | 47 | 28 |
| Size of Fund | \$2.6 B | — |
| Weighted Avg. Life ³ | 10.15 yrs | 8.60 yrs |
| Effective Duration ³ | 7.03 yrs | 7.80 yrs |
| Dividend Frequency | Monthly | — |

ANNUAL EXPENSES (% OF ASSETS)

| | Total | Net, Including Investment Related | Net, Excluding Investment Related |
|--------|-------|-----------------------------------|-----------------------------------|
| Inst. | 0.60 | 0.45 | 0.44 |
| Inv. A | 0.99 | 0.77 | 0.76 |
| Inv. C | 1.59 | 1.48 | 1.47 |

Expenses stated as of the fund's most recent prospectus. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Net, Including Investment Related Expenses and excluded from the Net, Excluding Investment Related Expenses. Institutional, Investor A, Investor C have contractual waivers with an end date of 2/1/15 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice.

LIPPER AND MORNINGSTAR RANKINGS (9/30/14)

| Lipper Rankings | | | | | Quartile Rankings | | | |
|----------------------|------------|------------|------------|-----------|-------------------|--------|--------|---------|
| | 1 Year | 3 Year | 5 Year | 10 Year | 1 Year | 3 Year | 5 Year | 10 Year |
| Institutional | 81 | 52 | 35 | 5 | 2 | 2 | 2 | 1 |
| Investor A | 107 | 78 | 61 | 11 | 3 | 2 | 2 | 1 |
| | Out of 210 | Out of 184 | Out of 137 | Out of 60 | | | | |
| Morningstar Rankings | | | | | Quartile Rankings | | | |
| | | | | | | | | |
| Institutional | 77 | 47 | 32 | 4 | 2 | 1 | 1 | 1 |
| Investor A | 105 | 74 | 63 | 11 | 2 | 2 | 2 | 1 |
| | Out of 218 | Out of 192 | Out of 153 | Out of 68 | | | | |

Lipper Category: Inflation Protected Bond Funds. As of 9/30/14, may not accurately represent the current composition of the portfolio. All share classes of the fund are invested in a common portfolio. Rankings are based on total return excluding sales charges. Morningstar Category: Inflation-Protected Bond. Rankings based on total return excluding sales charges, independently calculated and not combined to create an overall ranking.

SECTOR ALLOCATION

| | (% of Net Assets) |
|-------------------------|-------------------|
| U.S. Government Related | 101.8 |
| Non-U.S. Developed | 6.4 |
| Net Derivatives | 4.6 |
| Securitized Products | 1.3 |
| Cash | -14.0 |

CREDIT QUALITY (% MARKET VALUE)

| AAA Rated | AA rated | A Rated | BBB Rated | CCC Rated | CC Rated | Cash | Derivatives |
|-----------|----------|---------|-----------|-----------|----------|-------|-------------|
| 108.8 | 1.2 | 0.5 | 3.0 | 0.4 | 0.4 | -14.0 | -0.2 |

The fund itself has not been rated by an independent rating agency. Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security the lower of the two ratings if only two agencies rate a security and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

Negative weightings may result from specific circumstances (including timing differences between trade and settle dates of securities purchased by the funds) and/or the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or risk management. Certain transactions the funds may utilize may give rise to a form of leverage through either additional market exposure or borrowing capital in an attempt to increase investment return. The use of such transactions includes certain leverage-related risks, including potential for higher volatility, greater decline of the fund's net asset value and fluctuations of dividends and distributions paid by the fund. **% Notional Exposures** represents a fund's use of derivatives, including but not limited to futures, options, and swaps. This value captures the fund exposures as if the derivative was replaced with the underlying asset and the corresponding financing or lending, such that all exposures sum to the net asset value. For non-derivatives, the Market Value and the Notional Market Value are identical.

Important Risks: *The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of US government agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US government. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. If the index measuring inflation falls, the principal value of inflation-indexed bonds will go down and the interest payable will be reduced. Any increase in the principal amount will be considered taxable ordinary income. Repayment of the original bond principal upon maturity (adjusted for inflation) is guaranteed for US Treasury inflation-indexed bonds. For bonds that do not provide a guarantee, the adjusted principal value repaid at maturity may be less than the original principal. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.*

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about the fund and are available, along with information on other BlackRock funds, by calling 800-882-0052 or from your financial professional. The prospectus should be read carefully before investing. Investing involves risks including possible loss of principal.

1 Institutional shares are sold to a limited group of investors, including certain retirement plans and certain investment programs. See prospectus for details. **2** The unmanaged Barclays US Treasury Inflation Protected Securities (TIPS) Index comprises US Treasury Inflation Linked Indexed securities. **3 Weighted Average Life** is the average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding.

Duration measures sensitivity of a fixed-income investment price to a change in interest rates. **Effective Duration** considers that expected cash flows will fluctuate as interest rates change. **4** Risk statistics are based on Investor A monthly returns for the 3-year period. Benchmark risk measures are calculated in relation to the Barclays US Treasury Inflation Protected Securities (TIPS) Index. **Standard Deviation** measures the volatility of the fund's returns. Higher deviation represents higher volatility. **Sharpe Ratio** uses a fund's standard deviation and its excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **Beta** measures the fund's sensitivity to market movements; beta greater than 1 is more volatile than the market; beta less than 1 is less volatile than the market. **R-Squared** reflects the percentage of a fund's movements that are explained by movements in its benchmark, showing the degree of correlation between the fund and benchmark. This figure is helpful in assessing how likely it is that beta is statistically significant. **††** For each fund with a 3-year history, a Morningstar Rating™ is calculated based on risk-adjusted returns that account for variations in a fund's monthly performance (including sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The fund was rated against the following numbers of US-domiciled Inflation-Protected Bond funds over the following time periods: 192 in the last 3 years, 153 in the last 5 years and 68 in the last 10 years. With respect to these Inflation-Protected Bond funds, the fund received a Morningstar Rating of 4, 4 and 5 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics.

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RISK MEASURES (3-YEAR)⁴

| | Fund | Benchmark ² |
|--------------------|--------|------------------------|
| Standard Deviation | 4.99% | 5.28% |
| Beta | 0.94 | 1.00 |
| R-Squared | 99.00% | — |
| Sharpe Ratio | 0.22 | 0.27 |

YIELD (%)

Standardized 30-day SEC yield as of 9/30/14

| | SEC Yield | Unsubsidized Yield |
|---------------|-----------|--------------------|
| Institutional | -0.20 | — |
| Investor A | -0.57 | — |
| Investor C | -1.14 | — |

The fund's 30-Day SEC Yield is adjusted daily based on changes in the rate of inflation, as provided by the Department of Labor schedule that reflects how the monthly Consumer Price Index (CPI) is accrued daily. An exceptionally high 30-Day SEC yield may be attributable to a rise in the inflation rate, which might not be repeated. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days.

Subsidized 30-Day SEC Yield is based on a 30-day period ending on the last day of the previous month and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. If the fund expenses have waivers, the subsidized yield is based on the net expenses. Unsubsidized 30-Day SEC Yield is based on total expenses of the fund. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days.